United Nations DP/2000/35

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
25 July 2000

Original: English

Third regular session 2000
25 to 29 September 2000, New York
Item 8 of the provisional agenda
Evaluation

Progress report on follow-up to the evaluation of the UNDP-UNOPS relationship: joint review of recommendations

I. Introduction

1. The present report is submitted pursuant to decision 2000/16 of 23 June 2000, in which the Executive Board requested, inter alia, that a progress report be submitted at the third regular session 2000 on the implementation of the recommendations contained in the evaluation of the relationship between UNDP and UNOPS (DP/2000/13).

2. In order to expedite the follow-up on the recommendations of the evaluation, the Administrator and the Executive Director established in March 2000 a task force for this purpose, composed of senior staff from both institutions who would associate other staff as required. The first output of the task force was a joint review of the recommendations, contained in document DP/2000/CRP.8. The present report is the second output of the task force. It has been prepared jointly and covers action taken so far on the recommendations and next steps.

3. Document DP/2000/CRP.8 contains the recommendations of the evaluation report in two categories: (a) those that are acceptable to both institutions and can be acted upon right away, even though their full implementation will require a longer time and (b) those that require further and extensive discussion between the two institutions and, in some cases, consultation with the UNOPS Management Coordination Committee (MCC) and the Secretary-General. While some progress has been made in the first category, considerable additional consultations between UNDP and UNOPS are required before progress can be made in the second category. The following paragraphs summarize action taken in the two categories of recommendations separately.

II. Recommendations for early action

4. Falling into this category are Recommendation 1, status of UNOPS; Recommendation 2 (d), instructions to resident representatives as representatives of UNOPS; Recommendation 4, Users Advisory Group; Recommendation 6 (c), project management matrix; Recommendation 8, financial reporting; and Recommendation 9, administrative issues.

A. Recommendation 1: Status of UNOPS

5. *The present status of UNOPS as a "separate and identifiable entity" that is "self-financing" and linked to UNDP should be maintained. UNOPS should have full responsibility for its internal management.*

As indicated in document DP/2000/CRP.8, both organizations agree with this recommendation and no specific further action is required. During the discussion on the UNOPS item 13 at the annual session 2000, Executive Board members emphasized the fact

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that UNOPS should be allowed maximum flexibility in internal managerial and administrative matters so long as it is adhering to the self-financing principle and the directives of the Executive Board.

B. Recommendation 2 (d)

6. *The Executive Director of UNOPS should issue, in consultation with UNDP, clear instructions on the precise role of the UNDP Resident Representative in his/her capacity as UNOPS Representative.*

At the time of writing, a discussion is under way between the two organizations with the view of finalizing a letter from the Executive Director to resident representatives, detailing the precise role of the Resident Representative as UNOPS representative, in conformity with Executive Board decision 94/12 of 9 June 1994, in which the Board requested UNOPS not to establish a separate administrative apparatus and to work through the UNDP field network, with the Secretary-General directive in this respect contained in his letter of 31 March 1995 to resident representatives and with the terms of the Memorandum of Understanding signed by UNDP and UNOPS on 7 April 1997.

C. Recommendation 4: Users Advisory Group

7. *It is recommended that the Users Advisory Group be maintained. It should be convened by and meet under the Chairmanship of the Executive Director of UNOPS to serve as a regular forum for consultation between UNOPS and its clients. It should meet at least once a year.*

This recommendation has been accepted by the MCC. A meeting of the Users Advisory Group will be held during the fourth quarter 2000, and will include all major clients of UNOPS. The Executive Director will include in his statement to the Executive Board at its current session pertinent information on the details of the event.

D. Recommendation 6 (c): Execution modalities

8. *The respective responsibilities of UNDP and of the executing/implementing entity should be clearly defined for each project in a project management matrix.*

The model project-management matrix has been developed by UNOPS staff and project personnel on the basis of a similar document successfully utilized for establishing the division of labour among governments, UNDP and UNOPS for the implementation of projects and programmes under management services agreements (MSAs). At the time of writing, a discussion is under way between the two organizations with the view of finalizing the matrix and the terms of its adoption in consultation with resident representatives. The matrix will be accompanied by concise instructions of the Executive Director on the use by resident representatives of specific authorities that may be delegated by the Executive Director in relation to the provision of project and programme inputs in the field.

E. Recommendation 8: Financial reporting and Recommendation 9: Administrative issues

9. Facing the Y2K challenge, both UNDP and UNOPS have made an exceptional effort to implement Release 3 of the Integrated Management Information System (IMIS), which replaces the previous general ledger system. As expected in the first year of implementing a new system, the effort of getting complete and accurate data into IMIS has been very demanding and time-consuming. Financial reporting on projects depends heavily on information reported from UNDP country offices. These data flows depend upon country office systems. Since June 2000, UNDP has been engaged in a comprehensive review of its country-office financial and administrative processes, aiming at simplifying and streamlining the data flows and selecting of a better financial system for the country offices. Measures have already begun to be put in place to improve financial reporting and with the data warehouse concept, further improvement is expected in 2001 and 2002.

10. In order to strengthen further its project-management capacity, UNOPS has taken a number of measures in addition to project management training, which were reported to the Executive Board at its annual session 2000 (document DP/2000/25, paras. 27 and 28). UNOPS has started to put together substantive support units in areas where there is a concentration of demand. More than any other measure, this will strengthen the backstopping of project personnel. One such unit is already operational in the UNOPS Geneva Office and is dedicated to the design, monitoring and evaluation of programmes fostering social and economic development at the local level, with particular emphasis on the rehabilitation of societies in post-conflict situations and support to peace processes. Another unit was established in Nairobi for support and backstopping of projects implemented in the area, primarily dealing with social rehabilitation of populations emerging from conflict. A similar substantive unit is being established for the programmes that have been entrusted to UNOPS for execution in the area of public sector reform.

11. UNOPS has also released the Operational Guide for implementation of programmes designed for post-conflict situations, social sustainability and natural disasters. Formulated by UNOPS, the Guide is the fruit of an inter-agency effort carried out in Geneva and is based on 10 years of experience in project execution in this field. These guidelines represent a body of practical experience that is unique.

12. In addition, UNOPS is further strengthening the management capacities of the decentralized offices, by increasing their project management responsibilities, and better defining the separation of responsibilities between the headquarters and the decentralized operations units. A case in point is the UNOPS Abidjan Office, which, as of June 2000, also hosts UNOPS Africa II Division, which is dedicated to implementation and supervision services in West Africa. The New York headquarters will continue to host the Africa I Division, responsible for implementation of projects in the remainder of the Africa region.

13. Finally, in relation to the recommendation to review the current fee-setting mechanism, UNOPS reported to the Executive Board at its annual session 2000 (document DP/2000/25, para. 39) that it continues to apply to individual projects a fee-calculation system developed some years ago and updated in 1999. However, accurate fee-setting systems must be sustained by an efficient information system and be directly linked to a sound methodology for tracking and monitoring all costs, including reimbursements to UNDP and the United Nations for central services and to the country offices for project services rendered. Owing to the persistence of difficulties encountered in the area of financial reporting and the fact that the solution of this issue, although of the highest priority for 2000, remains partially unfulfilled at the time of writing, it is unlikely that pilot-testing of time-tracking software for establishing cost and fee baselines will be completed in 2000.

III. Recommendations on which further consultations and discussion are needed

A. Recommendation 2 (a): Delineation of responsibilities

14. *The MCC should, as a matter of priority, establish, define and delineate the roles and responsibilities of UNDP and UNOPS in order to minimize friction and conflict. Possibly, the MCC should also submit the issue to the Executive Board.*

This item will be part of the agenda of the Management Coordination Committee meetings during 2000.

B. Recommendation 2 (b): Delineation of responsibilities

15. *Existing overlaps between the two institutions, which are a source of conflict, should be corrected. An example of such overlaps is in the area of crisis and post-conflict situations, where the Emergency Response Division of UNDP and the Division for Rehabilitation and Social Sustainability of UNOPS appear to be performing similar tasks.*

As indicated in document DP/2000/CRP.8, UNDP and UNOPS agree that there exists no overlap in the area of crisis and post-conflict situations between the Emergency Response Division of UNDP and the Division for Rehabilitation and Social Sustainability (RESS) of UNOPS. Following further consultations between UNDP and UNOPS and bilateral discussions between ERD/UNDP and RESS/UNOPS, both

organizations reaffirm that the mandates and activities of the two divisions are complementary and mutually reinforcing. The release of the UNOPS Operational Guide for implementation of programmes designed for post-conflict situations, social sustainability and natural disasters (see para. 12 above) emphasizes that UNOPS is perhaps one of the most experienced implementing partners of the Emergency Response Division.

C. Recommendation 2 (c): Delineation of responsibilities

16. *UNDP and UNOPS should urgently conclude the subsidiary agreements envisaged in the 1997 Memorandum of Understanding. These should be further elaborated in detailed procedural manuals clearly indicating the responsibility and authority of the two parties at all levels, including detailed decision-making, reporting and information flows.*

As pointed out in document DP/2000/CRP.8, both entities concur with this recommendation, whose implementation is foreseen by June 2001. The most important of these subsidiary agreements, which would define the scope of central services provided by UNDP to UNOPS and the methodology for costing such services, remains under discussion at the time of writing.

D. Recommendation 3: Management Coordination Committee

17. The Management Coordination Committee is reviewing the options offered in Recommendation 3. Following consultations with MCC members and the Secretary-General, the Administrator in his capacity as Chairman of the MCC, has called for regular meetings to be held throughout 2000 with an agenda for strategic decision-making. The MCC will report progress achieved to the Secretary-General and to the Executive Board through the Chairman and the Executive Director. Moreover, at the request of the Secretary-General the Office of Internal Oversight Services is conducting a review of the reporting lines of UNOPS, which is expected to contribute to a better understanding of the role of the MCC.

E. Recommendation 5: Resource mobilization

18. This recommendation will be further reviewed by the Management Coordination Committee in 2000 and 2001 with progress to be reported to the Executive Board at its annual session 2001.

F. Recommendation 6: Execution modalities (a) and (b)

19. As indicated in document DP/2000/CRP.8, the Executive Board has requested UNDP to conduct an independent evaluation of non-core funded activities and their impact, which will cover, inter alia, execution modalities. Recommendations 6 (a) and (b) will therefore be addressed in this context. The UNDP/UNOPS task force is also examining this issue in the light of actual practice in current operational activities. Progress on this issue will be reported to the Executive Board at its annual session 2001.

G. Recommendations 7 (a), (b), (c), (d): Financing principles for country offices

20. As pointed out in document DP/2000/CRP.8, the policy aspects of these recommendations are matters that concern UNDP and the Executive Board and are covered in the presentation of the biennial support budget every alternate year at the third regular session. However, the implications of these recommendations on the bilateral relationship between UNDP and UNOPS are currently being discussed by the UNDP/UNOPS task force.

IV. Executive Board action

21. Based on its review of the present document and its discussions on the UNOPS items at the annual session and at the current session, the Executive Board may wish to:

(a) Take note of the report contained in document DP/2000/35;

(b) Encourage the Administrator and the Executive Director to continue the dialogue, at all levels;

(c) Request the Administrator and the Executive Director to submit to the Executive Board at its annual session 2001 a detailed report on progress achieved on all recommendations of the evaluation report, based, inter alia, on the deliberations and decisions of the Management Coordination Committee.